

STATE OF IDAHO DEPARTMENT OF INSURANCE 700 W STATE STREET BOISE, IDAHO 83720

DEPARTMENTAL BULLETIN

#78 - 2

ALL TITLE INSURERS AND ALL TITLE INSURANCE AGENTS DOING BUSINESS IN THE STATE OF IDAHO

- (1) FREE INFORMATION OR "LISTING PACKAGES"
- (2) ESCROW-CLOSING CHARGES

Complaints have been received in this Department concerning practices in two areas of the business of title insurance as that business is defined in §41-2704, Idaho Code, for purposes of regulation by this Department. The general nature of both complaints relates to potential violations of the anti-rebate and illegal inducement provisions of Amended Department Regulaton 25, the Title Insurance Code and §41-1314(1), Idaho Code, which is incorporated by reference into the Title Insurance Code. (§§41-2701-2712)

The areas of special concern are the furnishing of information about the condition of title to property without appropriate charge therefor and the providing of escrow or closing services at rates other than filed rates or at filed rates which result in the services being provided at substantially less than the provider's cost on a "loss leader" basis in order to secure related policies of title insurance. In light of recommendations made by the Title Insurance Rating Bureau of Idaho, Inc., at the Department's request, this bulletin is intended to establish guidelines for the conduct of the business of title insurance as follows:

Free Information or "Listing Packages"

The Director finds that the furnishing of information relating to the ownership and status of title to real property, including information as to real estate taxes, without an appropriate charge being made therefor constitutes an illegal inducement, or in certain circumstances, a rebate, provided however that it shall be permissible to furnish without charge copies of the following documents from the provider's title plant:

- (a The last deed appearing of record.
- (b) Deeds of trust or mortgages which appear to be in full force and effect.
- (c A plat map reproduction.

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This information must be given in a format which does not make any representation as to the condition of title.

Escrow-Closing Charges

The Director finds that escrow-closing services constitute an item of value which may not be offered at less than the provider's costs as an inducement to the placing of orders for title insurance. All escrow and closing fees must be based upon previously filed charges which are justifiable in terms of a reasonable relationship between the value of the service and the costs of providing the service. All title insurers and all title insurance agents engaged in escrow-closing activities in Idaho are hereby put on notice that in the event a public hearing on escrow rates shall be required for any reason under the Title Insurance Code each of you is expected to possess sufficient records to depict the volume of such business and revenues and expenses fairly attributable thereto.

Nothing herein shall prohibit the filing of bulk or subdivision escrow rates or limited services rates provided that the classifications are adequately defined as a part of the rate filing.

These guidlines become effective immediately.

DEPARTMENT OF INSURANCE

Monroe C. Gollaher
Director of Insurance

MCG:pr

March 1, 1978